

## **EXHIBIT E**



# **HIGHLY CONFIDENTIAL STRUCTURAL AND STEEL PRODUCTS SITUATION OVERVIEW IMMEDIATE ATTENTION**

**SEPTEMBER 29, 2020**

EXPERIENCED. DISCIPLINED. BOLD.

**HIGHLAND CAPITAL  
MANAGEMENT**

**DRAFT – HIGHLY CONFIDENTIAL**



- Structural and Steel Products (“SSP”) is a manufacturer/distributor of highway products based in Texas
- Product offerings include distributed products (guardrails, crash cushions) and manufactured product (overhead sign structures, lighting/cell/utility poles, rail)
- Principal equity holders:
  - Highland Select Equity Fund, L.P. (via Trussway Holdings, LLC [1]): 76.6%
  - Patriot Capital: 12.1%
  - SSP Management Members: 6.6%
  - Non-Management Members: 4.7%

Note: [1] Trussway Holdings, LLC equity is 90% owned by Highland Select Equity Fund, L.P.

- See **Exhibit A** for organizational chart
- See **Exhibit B** for capital structure



## SSP SALE PROCESS OVERVIEW

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- In the last ~12 months, SSP received indications of interest ranging from \$45-\$50MM from several different interested parties:
  - September 2019 – Arcosa: \$45.0 - \$50.0MM (for manufacturing business only)
  - November 2019 & January 2020 – VP of Guardrail: \$7.5 - \$10.0MM (for guardrail business only)
  - January 2020 – Merit Capital Partners (former Sponsor): \$38.5MM (for entire business)
  - February 2020 – Millerbernd provided a verbal indication of \$30.0 - \$32.0 (for the manufacturing business only)
  - May 2020 – Race Rock Group (“RRG”): \$45.0 - \$50.0MM (for entire business)
  - July 2020 – DWM Holdings: \$50MM (for entire business)
- In addition to the IOIs received from the parties above, NDAs were executed, and confidential information shared with Sabre and Valmont. Both parties passed on the potential transaction with SSP, and, ultimately, they determined it was cheaper to build capacity than to buy SSP.
- In August of 2020, SSP went exclusive with RRG and executed an LOI at \$50MM; due diligence is underway and on-going with most of the due diligence completed, environmental and ERISA reviews remain outstanding.

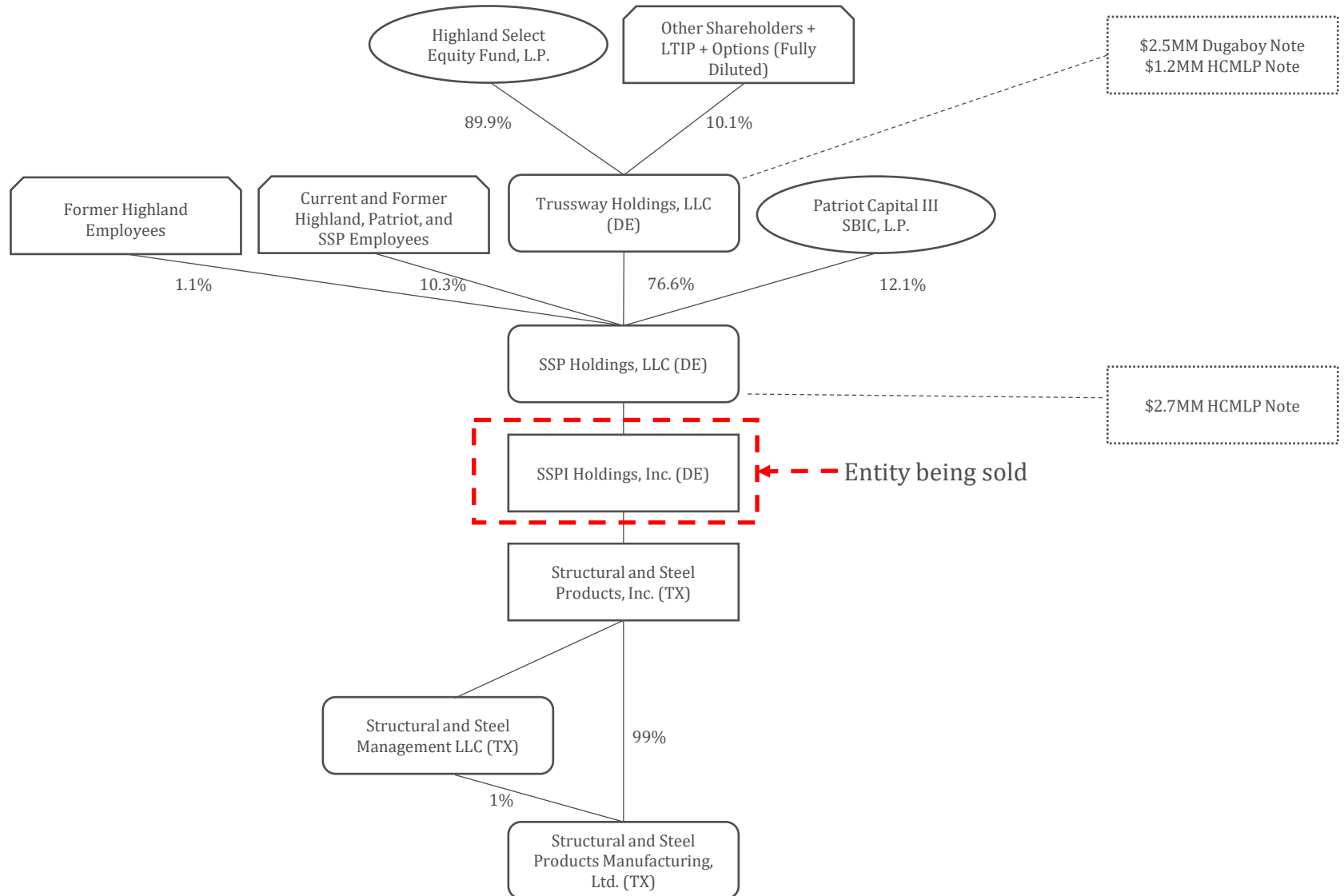
<b>(\$MM)</b>	<b>EBITDA \$50 LOI</b>	
LTM	\$ 9.0	5.6x
2020E	\$ 8.2	6.1x
3-Year Avg.	\$ 6.9	7.2x



## SSP SALE PROCESS OVERVIEW – RACE ROCK GROUP

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- SSP is in the process of negotiating a definitive agreement with Race Rock Group (“RRG”) to sell the business for \$50MM
  - RRG is a Houston-based private investment firm focused on making control, growth-oriented investments in lower middle-market businesses throughout the US Gulf Coast and Mid America regions
- It’s estimated that the transaction proceeds will generate approximately \$6.5MM for HCMLP
  - ~\$2.0MM for the Select Fund’s net interests
  - Trussway Holdings, LLC proceeds will repay the ~\$1.2MM HCMLP loans
  - SSP will payoff the ~\$2.7MM subordinated loan to HCMLP with the sales proceeds
  - HCMLP will receive ~\$0.5MM in management fees from SSP per the terms of a 2019 management services agreement
  - See **Exhibit C** for the complete waterfall of sale proceeds
- It’s estimated that the transaction proceeds will also generate ~\$8.4MM, net for Trussway Holdings, LLC
- Trussway Holdings, LLC appears to currently owe ~\$2.5MM to Dugaboy via a loan. This is under review, and the amount may be reserved for. The amended and restated note had a principal amount of \$2.09MM as of Feb. 2019 and matures on Nov. 1, 2021. ~\$370k of PIK interest has accrued since Feb 2019.
- A simultaneous signing and closing is anticipated to occur in late Oct. or early Nov. subject to completion of due diligence by RRG.
- **The Debtor believes a potential sale of SSP maximizes value for all stakeholders and any delay in the sale process could impact value. The Debtor is seeking immediate pre-approval from the UCC to proceed with a potential transaction.**

**EXHIBIT A - EXISTING ORGANIZATIONAL STRUCTURE****DRAFT - HIGHLY CONFIDENTIAL**

**EXHIBIT B - SSP CAPITAL STRUCTURE****DRAFT - HIGHLY CONFIDENTIAL**

- No current HCMLP employees have SSP Ownership
  - Note: Jason Jelen and John Walker are current NexBank Securities, Inc. employees

<b>Member</b>	<b>Capital Contribution</b>	<b>Class A Units</b>	<b>Class B Units</b>	<b>Class P Units</b>	<b>Sharing Ratio</b>
Trussway Holdings LLC	\$19,058,098.18	19,058,098.18	-	-	76.6%
Patriot Capital III SBIC, L.P.	\$3,000,000	-	3,000,000	-	12.1%
Matt Brace	\$0	-	0	1,015,050	4.1%
Christine Klote	\$375,000	-	375,000	-	1.5%
Joseph Troop	\$300,000	-	300,000	-	1.2%
Chuck Steier	\$0	-	0	253,763	1.0%
2911 Capital Fund LP	\$200,000	-	200,000	-	0.8%
118 Capital Fund Inc.	\$200,000	-	200,000	-	0.8%
Matthew Jameson*	\$100,000	-	100,000	-	0.4%
Lee Blackwell Parker III*	\$100,000	-	100,000	-	0.4%
1610 Foundation Inc.	\$100,000	-	100,000	-	0.4%
Teri Robertson	\$60,000	-	60,000	-	0.2%
William Carl Moore, Jr. *	\$40,000	-	40,000	-	0.2%
Jason Jelen	\$30,000	-	30,000	-	0.1%
Richard Thomas	\$25,000	-	25,000	-	0.1%
Scott Wilson*	\$25,000	-	25,000	-	0.1%
John Jeffrey Walker	\$10,000	-	10,000	-	0.0%
<b>Totals:</b>	<b>\$23,623,098.18</b>	<b>19,058,098.18</b>	<b>4,565,000.00</b>	<b>1,268,813.00</b>	<b>100.0%</b>
<b>Authorized Units</b>		<b>19,058,098.18</b>	<b>4,565,000.00</b>	<b>1,753,224.00</b>	
*Denotes former Highland Capital Management, LP employee					

**EXHIBIT C - WATERFALL****DRAFT - HIGHLY CONFIDENTIAL**

SSP Sale Price	\$	50,000,000
Estimated closing adjustments		
Less: Principal & Interest		(34,689,920)
Less: Accrued Mgmt. Fees		(532,053)
Less: Closing Costs		(750,000)
Plus: Cash		4,755,502
Total estimated closing adjustments	\$	(31,216,471)
Net Proceeds	\$	18,783,529
Trussway Holdings, LLC		76.56%
Cash proceeds to Trussway Holdings, LLC [1]		14,381,312
Potential Reserve for Dugaboy Note		(2,455,668)
Repayment of HCMLP Note		(1,158,429)
Net cash at Trussway Holdings, LLC	\$	10,767,215
Maximum Restricted Distribution [2]	\$	2,337,093
Highland Select Equity Fund, L.P.		89.90%
Cash proceeds to Select Fund [3]	\$	2,101,046
Highland Capital Management, LP		99.95%
Cash proceeds to HCMLP		2,099,996
HCMLP Note + Interest from Trussway Holdings, LLC		1,158,429
HCMLP Subordinated Note + Interest		2,661,928
HCMLP Management Fees		532,053
Total estimated cash proceeds to HCMLP	\$	6,452,406
[1] \$2.8 million is held in escrow		
[2] Maximum allowable distribution per section 5.3 of 4th A&R Credit & Guaranty Agreement		
[3] Excludes paydown of any debt at Highland Select Equity Fund, L.P.		

Note 1: It's anticipated that \$3.2MM will be held in escrow until SSP's PPP loans are forgiven (SSP has applied for forgiveness and expects to receive forgiveness in 90-120 days). An additional \$500k is estimated to be held in escrow for the R&W policy.

Note 2: Per section 5.3 of the 4<sup>th</sup> A&R Credit & Guaranty Agreement, absent a waiver or amendment, a maximum of \$5 million in the aggregate is allowed to be distributed, however, \$2.7MM has already been paid out.

\$1.0MM: March '19

\$1.7MM: September '18



**4<sup>TH</sup> A&R CREDIT & GUARANTY AGREEMENT HIGHLIGHTS****DRAFT – HIGHLY CONFIDENTIAL**

- Trussway Holdings, LLC is a Guarantor of the loan to Trussway Industries, LLC
  - THIS FOURTH AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT dated as of May 15, 2017 among TRUSSWAY INDUSTRIES, LLC, as borrower (“Borrower”), the Guarantors party hereto (the Borrower and the Guarantors being collectively referred to herein as the “Credit Parties”, and each individually, a “Credit Party”), the financial institutions from time to time parties hereto, each as a Lender (collectively, the “Lenders”), and NEXBANK, SSB, as administrative agent for the Lenders (“Agent”).
- “Restricted Distribution” is defined as, with respect “to any Person (i) any dividend or other distribution on any equity interest in such Person or (ii) any payment on account of (a) the purchase, redemption, retirement, defeasance, surrender or acquisition of any equity interests in such Person or any claim respecting the purchase or sale of any equity interest in such Person or (b) any option, warrant or other right to acquire any equity interests in such Person; provided that, the term “Restricted Distribution” shall not include any dividend or distribution payable solely in equity interests of such Person or warrants, options or other rights to purchase such equity interests.”
- Section 5.3 – Restricted Distributions. Borrower will not, and will not permit any Guarantor to, directly or indirectly, declare, order, pay, make or set apart any sum for any Restricted Distribution; provided that the foregoing shall not restrict or prohibit any wholly-owned Guarantor from making dividends or distributions to Borrower or any other wholly-owned Guarantor and provided, further, that the foregoing shall not restrict or prohibit Borrower from making dividends or distributions to Holdings on the Closing Date in the amount of up to \$20,500,000.00, which amount represents funds received by Borrower from Trussway, LLC in connection with the Amegy Credit Facility. Notwithstanding the foregoing, Holdings may make Restricted Distributions in connection with the repurchase, redemption or retirement of its membership interests, or otherwise make payment in connection with appraisal rights related thereto, in each case, in an aggregate amount not to exceed \$5,000,000.00.